

Special Report

The Port City project: Reconciliation process

By D.C. RANATUNGA

IT'S very rarely that there is news about Sri Lanka in the media in Australia. While the electronic media occasionally takes up the refugee issue, the print media hardly publishes anything. So it was quite unusual for the newspaper 'Weekend Australia' to devote quite a lot of space for not one but two news features relating to Sri Lanka recently.

The World News page carried the lead story under the heading 'Sri Lanka's \$1.9 b China port deal put on hold' with the Asia-Pacific Editor, Rowan Callick starting off: "China's relationship with Sri Lanka, the most lustrous of the string of pearls that comprises President Xi Jinping's dream of a Maritime Silk Road, risks losing its shine."

After quoting Sri Lankan Government Spokesman, Callick states that Sri Lanka being strategically located for Indian Ocean mercantile and naval traffic, it provides a crucial element in the Maritime Silk Road that in Xi's vision would link the Indian and Pacific oceans and pull the seaboard nations - including Australia - in to closer economic ties with China.

"This strategy would open the sea lanes to China's growing naval fleet, with its attack submarines last year visiting Sri Lankan ports twice."

Pointing out that former President Mahinda Rajapaksa visited China seven times during his decade in office, Callick says that Xi, during his visit to Sri Lanka last September described the country as an "all-weather friend" - a term used previously for Pakistan.

"It appeared, however, that China had not prepared itself adequately for the contingency of Rajapaksa's defeat at the polls. This points to an important area for greater Chinese diplomatic alertness and agility - in relating to countries with democratic governance."



The writer adds that the port projects in Sri Lanka (he refers to the \$1.3 b zone at Hambantota which is planned to include a container [port, bunkering system, oil refinery and airport as well) had taken an added significance after India elected in a landslide last year Narendra Modi as its new prime minister.

FT Quote

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"Since then Mr. Modi, while developing cordial relations with Mr. Xi, has also built warm personal links with Japan's Prime Minister Shinzo Abe and US president Barack Obama," he concludes.

Less fear in the north

The other article headlined 'Sri Lanka's uneven highway to harmony' by Amanda Hodge, South



Asia correspondent of the newspaper, reviews the Sri Lankan Government's performance half-way through its first 100 days in office working through "an ambitious checklist".

"Sri Lanka's bureaucratic landscape has already changed drastically with (Prime Minister) Wickremesinghe sweeping a broom through crony-filled corridors, just as the towering Rajapaksa cut-outs have disappeared from Colombo's streetscape," she reports.

She says that the most marked change is an absence of fear among a population accustomed to the sometimes violent intrusions of the State.

"Not that the security apparatus that threw such a long shadow has disappeared; the military presence in the country's former Tamil Tiger-held north remains overwhelming. The Air Force operates the only flights into Jaffna, the rebels' former capital; the military still occupies thousands of hectares of private land; and military intelligence maintains its presence - though no longer with a free hand to intimidate."

Emphasising that the prospects for reconciliation of the long-fractured nation are better than they

have been in years, she says that expectations are huge and many Tamils, sensing their best opportunity to secure political autonomy are showing a potentially self-defeating impatience with the Government.

She quotes NP Chief Minister Wigneswaran as saying that Tamil impatience is justified. He admits there is a sense of freedom even in the north now.

"Fear is no longer there, (But) reconciliation is only possible if you know what truth is," Amanda Hodge quotes him. "We have suffered under the boot of the Army in the north for decades. People who own those lands have been living in welfare camps for 20 years," he had said.

The article discusses the problems connected with land distribution. "Since 2013 the military has demolished thousands of houses, temples, churches and schools on the land, making it impossible for displaced families to identify

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their properties without a new survey. Not everyone managed to grab their land deeds as they ran for their lives. Besides, families have since multiplied, meaning lands must be divided between greater numbers. How to finance the rebuilding of these razed communities is also a problem yet to be settled."

According to Amanda, for thousands of other families hoping to return to their land, the issue is complicated by substantial military development. "The Army now runs tourist resorts, a golf course, a restaurant, an officers' recreation club, a bakery and farm plots on seized Jaffna land. North of Mullaitivu, it has built holiday bungalows on the edge of the Nandikadal lagoon where thousands of civilians died, trapped between the advancing military and a remnant rebel force."

Quoting Prime Minister Wickremesinghe whom she has interviewed, the writer says he talks of a new era of transparent development and his determination to unravel contracts secured under the former Government and financed with Chinese loans at interest rates so far above market rates they appeared "more an exercise in money laundering than genuine investment".

"Everyone is important for reforms," the Prime Minister says. "But the genocide resolution (by NP Chief Minister Wigneswaran) was irresponsible and gave ammunition to Rajapaksa allies seeking a return to power through the June parliamentary elections."

The comprehensive article concludes that after 26 years of war and another six of unequal peace, the road to reconciliation will not be smooth.

THE political system of China is a far cry from the way how Sri Lanka is governed. We have a unique Constitution; a hybrid type of constitution with transplants from US British and French constitutions, whereas the Chinese system of governance is based on socialist principles but run by a single party - the Communist Party of China.

There is absolutely no transparency under the Chinese system of governance and dissent is never tolerated and there are no public consultations. There is only one political party and all decisions of the Government must be obeyed by the citizens and any resistance to decisions of the Chinese Government would be treated ruthlessly. In China there is no democracy, only the State policy. Obviously this cannot be imposed on Sri Lanka.

Never expect good governance from China?

The Government of Sri Lanka under President Maithripala Sirisena took the reins from the Rajapaksa regime that had all the hallmarks of an authoritarian and a dictatorial regime with no qualms for the rule of law and dissent.

President Sirisena and his team had an uphill task of wresting power from the Rajapaksa regime. It was considered the most difficult electoral battle ever waged in Sri Lanka.

There were parallels in the style of governance in China and under Rajapaksa and were somewhat complementary to each other's. In China there is little or no respect for human rights, freedom of thought and expression and publication. Hence people are supposed to believe the Government version only.

Colombo Port City: The cost of the political fallout

Sri Lanka too had a similar system of governance and journalists have had a terrible time reporting news and had to impose a self-censorship over any news report that might anger the ruling regime then. In China there is no freedom for journalists and their activities are always monitored. The secret Police of China is very active in suppressing dissent.

The Port City Project was implemented through an unsolicited proposal from a Chinese State company and there had not been public consultation neither had there been any open discussion within the Cabinet.

There were no visible signs of good governance under the Rajapaksa administration, even the unlawful procedures too had been sanctioned by the Cabinet of Ministers owing to the fear that any action that goes against the will of the Rajapaksa regime would be interpreted as being 'a threat,' hence the then Ministers often had nasty surprises.

The very reason the Sirisena administration was catapulted to power was to reverse the decisions of the Rajapaksa administration. The Government of China should take into account the huge challenges the Sirisena Government is now supposed to confront which involves reviewing projects approved without any regard for the interests of Sri Lanka.

Prime Minister Ranil Wickremesinghe has an uphill task of maintaining balance, integrity, diplomacy, transparency in Government decisions and the task of maintaining good relations



China's President Xi Jinping (2nd L) and President Mahinda Rajapaksa (R) unveil a plaque during the launch ceremony of a \$ 1.5 billion project to build a port city on reclaimed land in the capital Colombo 17 September - Reuters/Dinuka Liyanawatte/Files

with China for future FDIs.

The Prime Minister has an ambitious plan for creating one million employment opportunities but it is certainly not at the cost of hurting the country through projects which are going to damage the environment of Sri Lanka. His political acumen would be sufficient to deal with the matter and being an experienced politician, the people can rely on his discretion on the matter.

It would have been better had the Government appointed a Special Presidential Commission so that the decision to go ahead with the project or not would be left for the Presidential Commission and it would be seen to be a credible report in the eyes of foreign investors.

Since there will be an election in a few months' time, the political ramifications of such a decision would be costly for the Prime Minister. The political opponents are poised to attack the Prime Minister for narrow political gains.

The task ahead of the Prime Minister is a very formidable one because he has to maintain a delicate balance which outweigh the (1) risk of SLFP publicly declaring

that they would not halt the project if they are elected (2) potential economic damage any decision to halt the project would entail (3) cost of the diplomatic relations with China (4) the cost of claims by Chinese companies for the work undertaken thus far and the legal issues arising from the termination of contract (5) providing alternative employment opportunities for the people who rely on the project such as employees directly affected, employees of contractors who provide sand, gravel and heavy rocks and other indirect employees (6) attracting further foreign direct investments (FDI) from China and the precedent this might create (7) if the project is halted how would the government recreate its former Galle Face sight and the cost of undoing it.

China has not provided assistance for industrial development

The China has declared that it is willing to dole out \$ 400 billion for the Silk Route Project infrastructure development for countries such as Maldives, Sri Lanka, Pakistan, Bangladesh,

Myanmar, Seychelles, etc., but anyone would accept that Sri Lanka has had enough of Chinese investments.

The leasing out a piece of reclaimed land adjacent to a berth built by China would cause a serious threat to national security of Sri Lanka and India. Sri Lanka is duty bound to honour the security concerns of India being our closest neighbour with whom we have had millenniums of historical relations.

Even without the express provisions of the Indo-Lanka Agreement, in which security guarantees are articulated, Sri Lanka is duty-bound to protect the interests of India given the current Chinese naval expansions in the Indian Ocean region and India too is beefing up its naval assets. The Government of Sri Lanka must take into account the current shifts in global power projections.

India is concerned about the rapid expansion of Chinese grand plans for the Indian Ocean. We must keep in mind that the territorial integrity of Sri Lanka depends to a large extent the strength of India. It would be prudent to take into account

the rapid change of geopolitical aspects of the issue.

China has threatened its neighbour Japan and Japan has made rapid strides in developing the Japanese Navy. China has claimed the sea in South China hurting the feelings of the people of Vietnam, Philippines and Japan. China has forcefully stationed an oil drilling platform in Vietnamese territorial waters and there were naval clashes in the sea.

The track record of China in the Pacific is very questionable. The track record of its investments in Africa too is very controversial. China seems to have had close dealings with authoritarian and dictatorial regimes in Africa in exchange for vital strategic commodities and taking control over mining companies.

If China is really interested in helping Sri Lanka, it must provide support for developing the industries in Sri Lanka and provide technical knowhow.

Can anyone predict world order in 5 years' time - let alone 99 years?

Assume for instance if India disintegrates it would pose a serious threat to Sri Lanka and if there will be an islet with a 99-year lease for China, China might assert claim for the territory taking into account the weakening Union of India.

It would therefore be imperative to keep in mind that the territorial integrity of Sri Lanka (with a 99-year ownership of a piece of land given to China) would depend on the strength of the Union of India. Can anyone predict the world order in five years' time let alone 99 years? Would it then be prudent to think of going ahead of this project?

Pertinent questions

If this project is halted, it would not be interpreted as

being an 'expropriation' as the meaning of expropriation denotes conscious will of the host government to deprive or frustrate the project under a different set of parameters and factors. Here the issue is the project has been conceived and implemented without due regard for the laws of Sri Lanka and potential environmental and political consequences.

The Prime Minister has not questioned the merits of other good Chinese projects given this set of political decisions a tenable case of 'expropriation' by the Chinese companies cannot be maintained. Therefore the decision to halt the project would not affect the future FDIs from China or elsewhere.

Nevertheless, there has to be a credible and transparent inquiry on the matter for this issue to gain credibility in the eyes of the China in particular and to attract future FDIs.

When the 1978 Constitution was enacted, there wasn't an islet. Would it not therefore entail a Constitutional amendment? (Ref: Supreme Court of India Landmark case In Re Berubari Union).

The Rajapaksa regime had not brought this Port City project islet concept under a legal framework. Was it left without a legal framework deliberately so that normal laws of Sri Lanka would not be applicable to this island in the hope that prostitution, casinos and gambling could be allowed so that tourist can be attracted for this project?

How did Chinese companies obtain political risk insurance and funding from Chinese banks for this project when there are obvious flaws in the project risks?

(The writer is a freelance journalist, a government affairs analyst and a registered member of the American Association of Political Consultants.)